

**BOARD OF DIRECTORS – ACTION SUMMARY**  
**Wednesday, December 22, 2004 – 6:00 p.m.**

**Administration Building**  
**2101 Hurley Way, Sacramento, CA**

**CALL TO ORDER**

The meeting was called to order by President Granados. Board Members present: Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley. Staff: Fire Chief Martinez, Board Clerk Tilson, General Counsel Price.

**PLEDGE TO FLAG**

**PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON THE AGENDA**

- Director Trujillo introduced his young grandson in the audience, Joey Trujillo.

**CONSENT AGENDA:**

**1. Board Meeting Action Summary—November 10, 2004**

- Transposition of two election results to be corrected.
- **Board Action:**  
*Duveneck/Trujillo—approve the Consent Agenda. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion carried.*

**ACTION ITEM(S)**

**1. Resolution No. 55-04—Former North Highlands Employees Retirement Benefits—(Appel)**

- The cost for including the former North Highlands employees' District service prior to June 29, 2003, under the 3% @ 50 retirement benefit formula has an estimated fiscal impact of \$69,600. There is no fiscal impact to the District for the purchase by SCERS members of authorized prior public service.

- Staff recommends adoption of the Resolution to credit all District service at the 3% @ 50 formula for former North Highlands employees and authorizes Sacramento County Employees Retirement System (SCERS) members to purchase statutorily authorized prior public services credit, at the employee's expense.
- **Board Action:**  
*Valley/Engellenner—adopt the Resolution. Directors Duveneck, Engellenner, Goid, Granados, Kelly, Lawson, Trujillo, Valley, Jones, AYE. Motion carried unanimously.*

## PRESENTATION ITEMS(S)

### 1. Financial Audit Process Review—(Houghton)

- As requested at the last Board meeting, a three-page staff report was submitted to provide clarification of the auditing services process as performed by the County of Sacramento Auditors Office.
- A question was raised as to the type of audit that would be conducted. There are three types that meet professional auditing standards as follows:
  1. Compilation – a summarization of financial information into the typical financial format of a Balance Sheet, Income Statement, and Cash Flow Statement. Typically the audit firm will not perform any verification of the financial data presented and will include a cover letter stating that no auditing was performed and **no opinion** is expressed as to the accuracy.
  2. Review – report includes the Balance Sheet, Income Statement, and Cash Flow Statement along with Notes to the Basic Financial Statements for a full disclosure of the entity's financial condition. Limited audit testing and procedures **are** performed but the actual testing of internal controls and examination of supporting evidence is substantially minor in comparison to a full audit. The audit firm will **not express an opinion** as to whether the basic financial statements are free of material misstatement.
  3. Financial Audit – this process is a full financial audit report **requiring an expression of an opinion** on the financial statements as to whether it is free of material misstatement. The audit is conducted in accordance with generally accepted auditing standards and Government Auditing Standards as issued by the Comptroller General of the United States. The audit includes examining, **on a test basis**,

evidence supporting amounts and disclosures in the basic financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

This is the type of audit the District will have completed by the County Auditors for Fiscal Year 2003/2004. It is the same type that has been performed annually by the County for the past ten years.

- The following responds to a question of what is **not** included in a financial audit.

A Financial Audit does not include the complete examination of a specific income or expense account or group of accounts. All accounts are examined on a **test basis** for accuracy and correct reporting. To examine all items of income and/or expense would involve a substantially greater amount of time and expense to perform. If the Board had an area of concern and wished further examination by the County Auditor, the additional auditing would not be included in the normal scope of the audit engagement and would involve "additional agreed upon procedures" at an additional agreed upon cost to the District.

### **Discussion**

- Director Trujillo submitted some areas of concern today to Alan Matré, Chief of Audits for the County of Sacramento, and inquired about a presentation at the next meeting.

Mr. Houghton stated that Mr. Matré will check with his senior accountant on the concerns expressed within specific accounts and expense areas to see if this could be taken care of within the scope of the normal audit engagement. If work is required in addition to the full financial audit, a proposal would be brought back to the Board for approval to expend additional funds for the "additional agreed upon procedures."

- Test basis process discussed, to include review of policies and Action Summaries for Board authorization of expenditures.
- Question on whether or not the opinion will include review of established policies, for example, vehicle utilization by employees in consideration of the long-term escalation of fuel costs, and any other cost-containment measures that may be employed to save money.

Mr. Houghton stated policies may be reviewed at the option of the auditor to ensure compliance and proper authorization and appropriate accountability of expenditures, but this would be an additionally agreed upon procedure and has nothing to do with procedures in place and its application.

- Discussion on individual vehicle usage and fuel logs as a tracking mechanism; the District policy on Vehicle Use was sent to the Board as requested.

Fire Chief Martinez stated a practice could be initiated to log fuel usage if the Board desires.

- Some Board members expressed a need for a business practices audit or management procedures review by a business consultant in addition to a full financial audit.

Director Jones suggested a workshop to discuss finance and fiscal policy for possible direction on a management procedures audit.

- Director Trujillo encouraged other members of the Board to meet with the auditor and submit any issues of concern.

- **Board Action:**

*General consensus that members of the Board submit their specific issues to Finance Director Houghton within the next week to be provided to the auditor for an opinion if it can be included in the audit engagement or if additional cost is involved; with a report back at the next meeting.*

## 2. 2004 Fireworks Report—(Dobson)

- Director Granados stated a report was previously provided to the Policy Committee.
- A comprehensive two-page staff report accompanied by statistical Fireworks Reports for 2003 and 2004 and a news article on a July 2004 incident in Marysville where a spectator lost her leg were submitted. Final report on the incident due next month, which will affect what we do at public fireworks shows.
- Statistical information provided the total number for all response types during the week of June 28 through July 5, demonstrating a decrease by 401 calls or 26% in 2004 for a total of 1,146 versus 1,547 in 2003; with minimal property damage and injuries in our District.

- Background history and the District's philosophy in providing service for the Fourth of July fireworks were outlined.

1. Legal Fireworks

- The cities and county have the statutory authority to allow or ban legal fireworks in the State of California, not special districts. Due to this fact, fire agencies have increased the level of education and enforcement.
- The legal fireworks industry has developed a political support base for the sale of legal fireworks.
- Legal fireworks are typically banned in rural or interface areas with a greater public awareness of the dangers of wild land fires.

2. Illegal Fireworks

- Defined by California State Law -- fireworks that blow up, fly or travel across the ground are typically illegal.
- The Greater Sacramento Area Fireworks Taskforce provided a funding source to allow fire agencies to respond to citizen complaints.

Unable to impact the distribution system of this industry to date but enforcement teams will expand their efforts in 2005. Approximately 1,500 pounds of illegal fireworks were confiscated in 2004 due to the no tolerance program versus 105 pounds in 2003.

3. Public Shows

- Alternative for the public to celebrate the Fourth of July without the use of legal or illegal fireworks.
- Creates a safer environment where citizens should not be exposed to injury.
- The District inspects all fireworks shows to ensure that the public is not exposed to a dangerous situation due to the show.

Director Jones stated as one of the initial founding members of the Fireworks Safety Taskforce in the Spring of 1996, this is the fruition of a tremendous amount of combined hard work and coordination of law enforcement, community-based organizations, fire districts and fire departments, as well as private industry, to organize an effective procedure and policy implementation to reduce injuries and the negative outcome of illegal fireworks. It is a tremendous success.

### 3. Proposition 1A – Impact on District Revenues—(Appel)

- Passed by over 83% voter approval.
- Cities, Counties, Special Districts and Redevelopment Agencies will transfer an additional \$1.3 billion in local revenues to the State in Fiscal Years 2004/05 and 2005/06. Fire, Healthcare, Library, and Police Districts are exempt from this additional revenue shift.
- Beginning in Fiscal Year 2006/07, the ERAF transfer formula will return to 2003/04 levels, to include growth from Fiscal Years 2004/05 and 2005/06. Metro Fire's 2003/04 ERAF shift was zero dollars. Consequently, it will remain the same.
- Beginning in Fiscal Year 2006-07, the State must repay local agencies all SB-90 reimbursements on account within five (5) years; this provision is codified in the State Constitution. Metro Fire currently has approximately \$300,000 in its mandate reimbursement account.

If seismic safety features in fire stations become a mandate, the District will file for reimbursement.

Likewise, if the responsibility for safety inspections for fireworks public shows is transferred to the District and codified into law, this would be considered a new mandated cost if cost were incurred to pay off a damage claim for injury as a result of fireworks.

- Beginning 2008/09, if the Governor proclaims "severe State fiscal hardship," a "Revenue Loan" can be imposed against local agencies of up to 8% of local share of property taxes (currently \$1.3 billion) to the State.
- Before "Revenue Loan" can be imposed, the Legislature must pass a statute to fully repay the "Revenue Loan" with interest, within three (3) years.
- The Governor cannot proclaim a "severe State fiscal hardship" more than two times in a ten consecutive year period, beginning November 3, 2004.
- The Governor cannot secure a second "Revenue Loan" until the first "Loan" is paid back to local agencies.
- By a two-thirds vote of both houses, the Legislature can redistribute property taxes to local agencies within a County.

**4. SCA1—Proposition 59: Public Records and Open Meetings—(Price)**

- In response to the Board's request for an update, a two-page staff report along with the text of the Amendment to Section 3 of Article I of the California Constitution were submitted outlining the provisions of Proposition 59 approved at the November 2, 2004, general election by the California electorate.
- For the present, this constitutional amendment does not change any existing provisions of The Brown Act that we deal with or the Public Records Act.

The most important effect of this measure will be in two areas:

1. For the first time, the Constitution requires the courts to interpret the Public Records Act and Open Meeting Law to liberally construe access to meetings and records and to narrowly construe any exceptions, for example, that allow you to withhold records on a Public Records Act request or go into Closed Session under the Open Meeting Law.
  2. In the future, if the Legislature were to enact legislation to change any of the restrictions on access to either Open Meetings or Public Records, the legislature must make a specific finding of the need and justify it. It will require the Legislature to place on the record the reason why they are narrowing access to either Open Meetings or to Public Records.
- Responding to Director Granados, newspapers are attempting to gain access to disciplinary proceedings in the public safety area, and to circumvent the deliberative process exception in the Public Records Act for access to the Governor's calendars.

**PRESIDENT'S REPORT—(Granados)**

- Thanked everyone for their attendance and extended wishes for a wonderful Holiday Season.

**FIRE CHIEF'S REPORT—(Martinez)**

- Merry Christmas.

**GENERAL COUNSEL'S REPORT—(Price)**

[Considered in Open Session after Presentation No. 4]

**1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**

Significant exposure to litigation pursuant to Subdivision (b) of Section 54956.9 – One (1) Case

Amended Claim Against Public Entity Pursuant to Government Code Section 910 by Debra L. Dias and Harold R. Medlin

This claim was previously heard in October and was amended merely to add another claimant's name.

- **Board Action:**

*Engellenner/Duveneck—deny the amended claim. Directors Duveneck, Engellenner, Goold, Granados, Jones, Kelly, Lawson, Trujillo, Valley, AYE. Motion carried unanimously.*

**COMMITTEE AND DELEGATE REPORTS:****Executive Committee—(Granados)**

- Next meeting: After this meeting, the Committee will get together and schedule a meeting date.

**Communications Center Delegate—(Engellenner)**

- Finalizing the Comm Center reconstruction project.

**California Fire & Rescue Training Authority—(Goold)**

- Next meeting: January 28, 2005 – 10:00 AM

**Finance Committee—(Jones)**

- Next meeting: January 26, 2005 – 5:00 p.m.

**Policy Committee—(Granados)**

- Next meeting: January 12, 2005 – 5:00 p.m.

**BOARD MEMBER QUESTIONS AND COMMENTS:****Board:**

- Extended wishes to everyone for a Merry Christmas and Happy Holiday Season.



**Duveneck:**

- The California Special Districts Association has an appointed position open for Region 2, which he is interested in applying for.

**Engellenner:**

- Received the Vehicle Policy in the mail. Inquired if there are people that take vehicles from their place of work to the closest fire station to where they live, then go home.

Fire Chief Martinez answered in the affirmative.

- Inquired if people take cars home on a regular basis, and take their children to school. If so, what happens if a Code 3 call is received.

Fire Chief Martinez stated to his knowledge there are employees who take cars home, but not to school.

Director Granados expressed concern from an insurance liability standpoint on non-business related use of District vehicles with non-employee occupancy and asked if we have anything in writing that covers that.

Fire Chief Martinez stated it is allowed dependent on the vehicle use; for example, ride-along policy with non-employees in the vehicle, fire engines, and ambulances but not allowed to drive. Family in the car probably is less frequent. A small number of vehicles are authorized to take home.

**Kelly:**

- Requested that everyone reach out and try to help those less fortunate.
- Commended Director Lawson who spent the past several weeks on Operation Christmas Basket to provide some well-needed supplies, toys, and groceries to many families out there.

**Trujillo:**

- Thanked the fire stations that went out and donated gifts, food and supplies to needy families.
- Thanked the volunteers who went up to Trajan Elementary School and visited the kindergarten children. Captain Skip Nance was Santa Claus.
- By looking at an organizational chart, it appears we have two Chiefs in Operations, Chief Latta and Chief Plessas, and inquired if there should only be one.

Fire Chief Martinez stated Chief Latta is the Operations Chief and Chief Plessas is not and works out of the Fire Chief's office.

**Lawson:**

- AFL/CIO Community Services has an on-going Operation Christmas Basket that starts around the first of December. He thanked Chief Hartley, Station 110, and Fire Chief Martinez for supplying Santa's sled for the Ralph Richardson Center Christmas event and brightening the day for these special children.
- Thanked Sacramento Fire Fighters Local 522 for providing his transportation back from a seminar in Palm Springs to attend a special Board meeting at no cost to Sac Metro.

**Engellenner:**

- Someone is sending out e-mails from Division I on a laptop. He is Division I and does not have a laptop or personal computer. If anyone receives something from Division I, it is not from him.

Fire Chief Martinez stated the issue is under investigation.

**Granados:**

- At the last meeting, we had the presentation for the McClellan Park Services and inquired who signed the Agreement.

Board Clerk Tilson stated the Board President, Director Jones, signed the Agreement.

**ADJOURNMENT:** The meeting was adjourned at 7:40 p.m.

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Gregory A. Granados, President

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Matt Kelly, Secretary

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Charlotte Tilson, Clerk of the Board